

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Demand and Price

FOR RELEASE
FEB. 10, A. M.

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.

BAE

JANUARY 1951

Approved by the Outlook and Situation Board January 31, 1951

CONTENTS			
	Page		Page
Summary.....	1	Fats, Oils and Oilseeds.....	15
Price and Wage Regulations.....	3	Corn and Other Feeds.....	16
The President's Budget		Wheat.....	17
Message.....	4	Fruit.....	18
Output and Employment.....	6	Commercial Truck Crops.....	19
Income and Related Factors.....	8	Potatoes and Sweetpotatoes....	20
Commodity Prices.....	10	Dry Beans and Peas.....	20
Farm Income.....	12	Cotton.....	20
Livestock and Meat.....	13	Wool.....	21
Dairy Products.....	14	Tobacco.....	22
Poultry and Eggs.....	15	Sugar and Related Products....	24

SUMMARY

Ceilings on prices and wages of a broad nature were established by the Economic Stabilization Agency on January 26. In general these ceilings were imposed at approximately the levels current at that time. This action was taken in the face of pervasive inflationary pressures in the economy. In the seven month period since the invasion of South Korea, average wholesale prices, as measured by the Bureau of Labor Statistics, have risen at the rate of about 2 percent per month with some acceleration in the rate of increase noted in recent months. New highs have been attained by retail prices paid by urban consumers and by farm families, although the price advance at the retail level has been approximately half of the rise at wholesale.

Although sales of raw and unprocessed farm products by producers are exempted, along with some other goods and services from price ceilings under the General Ceiling Price Regulation, ceilings established at subsequent points in the distribution chain will tend to stabilize prices received by farmers for those farm products which are eligible for price ceilings under the provisions of the Defense Production Act of 1950. Moreover, the adjustment of ceilings on other farm products at non-producer levels is limited to the amount necessary to bring prices received by farmers up to the legal minimum levels, and will be allowed only as much increases at the producer level occurs.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1949			1950		
		Year	Dec.	Sept.	Oct.	Nov.	Dec.
Industrial production 1/							
Total.....	1935-39=100	176	179	211	217	215	216
All manufactures.....	do.	183	188	220	226	224	227
Durable goods.....	do.	202	203	251	262	260	268
Nondurable goods.....	do.	168	176	194	196	195	193
Minerals.....	do.	135	132	164	166	160	158
Construction activity 1/							
Contracts, total.....	1935-39=100	366	456	559	521	533	552
Contracts, residential.....	do.	471	625	814	721	696	703
Wholesale prices 2/							
All commodities.....	1926=100	155	151	170	169	172	175
All commodities except farm and food.....	do.	147	145	159	162	164	167
Farm products.....	do.	166	155	180	178	184	188
Food.....	do.	161	156	177	172	175	179
Prices received and paid by farmers 3/							
Prices received, all products ..	1910-14=100	249	233	272	268	276	286
Prices paid, interest, taxes and wage rates.....	do.	250	246	260	261	263	265
Parity ratio.....	do.	100	95	105	103	105	108
Consumers' price 2/ 4/							
Total.....	1935-39=100	169	168	174	175	176	178
Food.....	do.	202	197	208	209	210	215
Nonfood.....	do.	151	151	155	155	156	158
Income							
Nonagricultural payments 5/.....	Bil. dol.	188.2	191.1	211.2	212.7	213.0	
Income of industrial workers 3/.....	1935-39=100	325	325	396	407	407	
Factory pay rolls 2/.....	do.	346	351	429	443	442	
Weekly earnings of factory workers 2/							
All manufacturing.....	Dollars	54.94	56.04	60.68	61.99	62.38	64.15
Durable goods.....	do.	58.03	59.19	65.18	66.39	66.54	68.64
Nondurable goods.....	do.	51.41	52.69	55.52	56.66	57.19	58.56
Employment							
Total civilian 6/.....	Millions	58.7	58.6	61.2	61.8	61.3	60.3
Nonagricultural 6/.....	do.	50.7	51.8	53.4	53.3	53.7	54.1
Agricultural 6/.....	do.	8.0	6.8	7.8	8.5	7.6	6.2
Government finance (Federal) 7/							
Income, cash operating.....	Mil. dol.	3,448	4,263	4,865	2,426	3,487	
Outgo, cash operating.....	do.	3,554	4,070	3,199	3,335	3,415	
Net cash operating income or outgo.....	do.	- 106	+ 193	+1,666	-909	+ 72	

Annual data for the years 1929-49 appear on page 19 of the March 1950 issue of The Demand and Price Situation. Sources: 1/ Federal Reserve Board, construction activity converted to 1935-39 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics, to convert prices received and prices paid interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1949 are on average monthly basis.

These developments on price and wage stabilization supplement the production and distribution controls which are being steadily enlarged to conserve critical materials for the defense program and to maintain an equitable distribution of civilian supplies. The magnitude of that program and its impact on civilian supplies was outlined by the President in his Economic Report and in his Annual Budget Message to Congress. The President indicated that for the fiscal years 1951 and 1952 combined budget appropriations plus authority to obligate federal funds for national security programs may total more than 140 billion dollars. Actual expenditures on these programs in fiscal 1950 were about 18 billion, and currently are running at an annual rate of more than 20 billion. By the end of this calendar year these are expected to reach an annual rate of 45 to 55 billion dollars, or from 25 to 35 billion above the present rate. The current rate of expenditures represents about 7 percent of our national production of goods and services. By year end, this will rise to as much as 18 percent of total output.

Commodity Highlights

Hog slaughter is not expected to rise until mid-March, when sizable marketings will begin from the 1950 fall pig crop. In 1951 a moderate increase in meat production is expected compared with 1950. Prices of both butterfat and milk at wholesale are likely to decline less than seasonally during the first half of 1951. Feed prices are expected to continue higher than a year earlier, at least through the first half of 1951. Prices received by growers for 1951-crop potatoes may average higher in early spring than a year earlier. Farmers are expected to receive prices moderately higher than a year earlier for many fresh vegetables in the first three months of 1951. World demand for wool is likely to continue to rise as defense activities expand. The demand for Burley and flue-cured tobacco in 1951 is expected to continue strong.

THE GENERAL PRICE AND WAGE REGULATIONS

The General Ceiling Price Regulation sets ceiling prices on most goods and services at the highest price obtained by sellers during the period December 19, 1950 to January 25, 1951 inclusive. In view of the upward trend in prices during that period, price ceilings generally are close to the levels prevailing at the time the price regulation went into effect. The General Wage Stabilization Regulation provides for ceilings on rates of wages and salaries at a level no higher than those in effect on January 25, 1951, unless authorized by the Wage Stabilization Board.

With respect to farm products, the Defense Production Act of 1950--the enabling legislation for price and wage regulations--provides that, in general, ceiling prices for farm products may not be established at less than the highest of the following prices, adjusted for grade, location and seasonal differentials: (1) the parity price, and (2) the highest price received by producers during the period May 24 to June 24, 1950.

Under the General Ceiling Price Regulation, ceilings have not been established for raw and unprocessed farm products at the producer level. Live animals have been exempted at all levels of sale. However, for most farm products ceiling prices have been established at distribution levels above the producer. These ceilings are firm, under the Regulation, for those farm products, and commodities processed from them, for which prices received by farmers are at or above the legal minimum price. Among important farm products in this group are beef cattle, veal calves, lambs, hogs, cotton and wool. In the case of farm products for which prices at the processor and retail level reflect less than the legal minimum price to farmers, provision is made for adjusting the ceilings to reflect such increases in prices paid to farmers as may occur until the legal minimum level is reached. Some major commodities in this group are apples, chickens, corn, eggs, milk wholesale, potatoes and wheat.

All fresh fruits, vegetables and tree nuts have been exempted from price ceilings temporarily at all levels of distribution, pending the development of regulations specifically adapted to the unusual marketing factors relating to these commodities. Seeds have also been exempted. In the case of certain oil-bearing materials and oils imported into the United States ceilings have been exempted so that essential supplies may be obtained. Similarly, pine gum and American-Egyptian cotton have been exempted from ceilings at all distribution levels so as not to deter necessary increases in production.

Also exempt from price ceilings are sales by farmers of commodities grown and processed on the farm if the total of such sales and deliveries does not exceed \$200 in any one calendar month.

THE PRESIDENT'S BUDGET MESSAGE

The Federal budget presented to Congress by the President on January 16 recommended budget expenditures totaling 71.6 billion dollars during fiscal 1952. This total compares with estimated expenditures of 47.2 billion in fiscal 1951 and 40.2 billion in fiscal 1950. Net budget receipts based on present legislation are estimated at 55.1 billion dollars in fiscal 1952, leaving a prospective deficit of 16.5 billion. In order to cover the projected deficit, however, the President indicated that he would submit to Congress recommendations for new revenue legislation.

The projected levels of expenditures on national security programs and the new obligational authority enacted or recommended for these programs indicate an intensified and accelerating mobilization effort during the next few years. Expenditures on national security programs in fiscal 1952 are estimated at 52.4 billion dollars, or 73 percent of the total projected for that year, compared with an estimated 27.1 billion or 57 percent in fiscal 1951 and actual expenditures of 17.8 billion or 44 percent in fiscal 1950. Expenditures on these programs are currently running at an annual rate of more than 20 billion dollars.

By the end of this calendar year they are expected to reach an annual rate of 45 to 55 billion, or from 25 to 35 billion above the current rate. The current rate of expenditures represents about 7 percent of our national production of goods and services. By year end, this is expected to rise to as much as 18 percent of total output.

Table 1.- Budget receipts and expenditures, actual fiscal 1950, estimated fiscal 1951 and 1952 1/

(Billion dollars)

Item	Actual	Estimated	
	1950	1951	1952
BUDGET RECEIPTS:			
Direct taxes on individuals	18.1	22.3	26.8
Direct taxes on corporations	10.9	13.6	20.0
Excise	7.6	8.2	8.2
Other (including misc. deductions)	.4	.4	.1
Net budget receipts	<u>37.0</u>	<u>44.5</u>	<u>55.1</u>
BUDGET EXPENDITURES:			
National security programs <u>2/</u>	17.8	27.1	52.4
Veterans' services and benefits	6.6	5.7	4.9
Interest	5.8	5.7	5.9
Other	10.0	8.7	8.4
Total budget expenditures	<u>40.2</u>	<u>47.2</u>	<u>71.6</u>
Excess of budget expenditures	<u>3.1</u>	<u>2.7</u>	<u>16.5</u>

1/ Details may not add to total because of rounding.

2/ Includes military services, international security and foreign relations, development of atomic energy, promotion of defense production and economic stabilization and other programs related to national security. Expenditures on these programs as percent of total expenditures are as follows: 1950-44 percent, 1951-57 percent, 1952-73 percent.

The mounting impact of these programs is not adequately represented by the projected levels of expenditures alone, however, since these reflect only payments actually made. Bidding for manpower and materials begins as soon as procurement contracts to be paid from authorizations are signed, even though expenditures may not take place for a year or more after contracts are let. In appraising the strength of the impact of these programs, therefore, it is well to bear in mind that for the two fiscal years 1951 and 1952, budget appropriations plus new obligational authority may total more than 140 billion dollars, of which the Defense Department alone estimates it will need about 112 billion for its functions. Contracts will be let on the basis of these authorizations during the fiscal years 1951-52 and the impact will be felt in many instances long before expenditures are actually made on them.

OUTPUT AND EMPLOYMENT

Output of all goods and services in 1950 was 7 percent greater than in 1949 and close to the record reached during World War II. The physical volume of goods produced was 11 percent greater than in the preceding year, while total output of services was up about 4 percent. Agricultural production dropped 2 percent from 1949 and 3 percent from 1948 largely as a result of a decline in crop production, especially cotton. Crop production in 1950 was about 4 1/2 percent below 1949, while output of livestock and livestock products was up 2 percent.

More industrial goods were produced in 1950 than in any other year in history except the war years 1943-45. The Federal Reserve Board's monthly index of industrial production averaged 200 (1935-39=100) in 1950, 14 percent above 1949 and 4 percent greater than in 1948. Output expanded steadily throughout the year, responding during the first half to a general recovery in civilian demand and, during the second half to an even stronger civilian demand supplemented by growing defense requirements stemming from the Korean outbreak. By year end, industrial production had increased 18 percent above the level of January, and 9 percent above June.

Paced by record levels of output in the steel and automobile industries, total production of durable goods increased sharply over the preceding year. The index of durable goods output averaged 17 percent higher than in 1949 and 5 percent above 1948. Steel mills produced an estimated 96.5 million tons of ingots and castings during 1950, 6.9 million tons more than the previous high in 1944. Motor vehicle production, at 8.0 million units, was 1.7 million greater than the previous record reached in 1949. Output of many building materials such as lumber and cement also broke previous records in response to peak levels of construction activity. In December and January activity in durable goods industries continued at high levels with the steel industry producing at a record rate and output of producers' machinery, freight cars and aircraft rising substantially above November levels. Motor vehicle production, however, was running well below the record levels of last summer as model changeovers and shortages of some materials resulted in rather sharp cuts in passenger car output. Late 1950 and early 1951 rates of output in most other major durable industries, on the other hand, continued close to the high levels of November.

Responding to increasing demand, total output of nondurable goods in 1950 reached a new high, 11 percent above 1949 and 6 percent greater than the previous peak reached in 1948. Industries producing a record volume and accounting for most of the expansion were: paper and paper products, textiles and textile products and rubber and rubber products. Total output of nondurable goods in December and January continued close to peak levels, although activity in the rubber products industry in January was reduced sharply as a result of a Federal order to curtail consumption of rubber for civilian purposes. Activity in most other non-durable industries was close to the high levels of November.

The monthly index of mineral production averaged 148 (1935-39=100) in 1950, 10 percent above the preceding year, but 5 percent below the peak in 1948. Production of crude petroleum and metals was up substantially from 1949, while a more moderate gain was registered in coal output. In December and January, total output of minerals continued high.

Construction activity in December continued to decline from the peak levels of autumn. Total new construction outlays during the month were estimated at 2.3 billion dollars, 12.5 percent below November, but 21 percent above December 1949. Both private and public outlays registered declines. Private expenditures, estimated at 1.7 billion dollars, were 11 percent below November, but 20 percent above December a year earlier. All categories of private construction activity except industrial and some commercial building declined. Outlays for nonfarm residential construction declined 11 percent from the previous month, but the total was still 22 percent above December 1949. Public expenditures were down 18 percent from November, but up 22 percent from December a year earlier.

To conserve critical construction materials for the defense program, the National Production Authority established a system under which virtually all new private commercial construction will be subject to NPA authorizations, effective January 13, 1951.

December brought to a close a year of record breaking construction activity. Total outlays on new construction in 1950, at 27 3/4 billion dollars, were the largest ever recorded and exceeded the total for 1949 by 23 percent. In terms of the physical volume of work put in place, construction activity was about 17 percent higher than in 1949, 10 percent above the previous record set in 1927, and at least 15 percent greater than the wartime peak in 1942. Homebuilding activity highlighted the general rise as total outlays on privately owned nonfarm dwellings reached a peak of 11.5 billion dollars, or more than two-fifths of total outlays for all types of construction. The number of nonfarm dwelling units started, 1.4 million, was also a record, exceeding the previous high in 1949 by 37 percent. Construction of schools, churches, hospitals and other institutional buildings reached peak levels, while a moderate rise in expenditures for highway construction and reclamation and flood control over 1949 brought those, also, to new record highs.

Total civilian employment in December dropped to 60.3 million, 1 million below November, but 1.7 million above December 1949. The decline from November was due entirely to a seasonal contraction in agricultural employment. The number of persons with nonfarm jobs rose to 54.1 million, about equal to the all-time high reached in August 1950 and 400,000 above November. Rises in trade and civilian Government employment from November accounted for most of the increase. Total civilian employment in 1950 averaged 60.0 million, a new all-time high. Nonagricultural employment in 1950 was also a record, averaging 52.5 million compared with 50.7 million in 1949 and the previous high of 51.4 million in 1948.

With the civilian labor force declining by the same amount as total civilian employment, the number of unemployed in December, at 2.2 million, was unchanged from the previous month. Compared with December 1949, however, there were 1.3 million fewer people without work. The average size of the civilian labor force in 1950 was 63.1 million, a new high and 1 million above 1949. Since the rise in average civilian employment from 1949 was slightly greater, average unemployment declined from 3.4 million in 1949 to 3.1 million in 1950.

INCOME AND RELATED FACTORS

Although complete data for the fourth quarter of 1950 are not yet available, tentative estimates made by the Council of Economic Advisers indicate a seasonally adjusted annual rate of personal income of about 233 billion dollars for that period. This was about 14 percent higher than in the fourth quarter of 1949. For the entire year 1950, personal income reached a peak of about 222.4 billion dollars, 16 billion or 8 percent above 1949, and 13 billion or 6 percent above 1948. A rise of about 7.5 billion dollars in salary and wage receipts from the third to the fourth quarter brought the total to an estimated 152 billion dollars in 1950, 20 billion or 15 percent above both 1949 and 1948. The fourth quarter rise in income from this source was due largely to rising wage rates and compares with an equal rise during the third quarter resulting largely from longer hours of work and rising employment.

Proprietors' and rental income during the fourth quarter was at an estimated annual rate of 46 billion dollars, slightly higher than in the third quarter and 5.3 billion above the fourth quarter of 1949. For the entire year 1950, proprietors' and rental income was estimated at 43.5 billion, 1.8 billion above 1949 but 3.8 billion below 1948. The rise from 1949 levels was entirely due to higher business professional and rental income. Farm proprietors' income in 1950 was slightly below 1949 and substantially lower than in 1948.

Dividends and personal interest income during the fourth quarter rose to 19.6 billion dollars (annual rate), compared with 19.1 billion during the third quarter and 17.8 billion in the fourth quarter of 1949. The total flow of dividends and personal interest income in 1950 reached a high of 18.6 billion dollars, 1.4 billion greater than in 1949 and 2.5 billion above 1948. Transfer payments were unchanged from the third to the fourth quarters of 1950 after reaching a peak during the first

half of the year as a result of payments of National Service Life Insurance dividends. Transfer payments in 1950 were at a peak of 15.1 billion dollars, compared with 12.3 billion in 1949 and 11.2 billion in 1948.

Personal tax payments during the fourth quarter rose 2.9 billion to an estimated annual rate of 22.9 billion dollars as a result of rising incomes and the increase in withholding rates on October 1. This rise partly offset the increase in total personal income, so that disposable income (personal income less tax payments) rose somewhat less than personal income from the third to the fourth quarter of 1950. Disposable income during the fourth quarter, at an annual rate of 210.5 billion dollars, was 5.8 billion or 2.8 percent above the third quarter. During the entire year 1950 it totaled an estimated 202 billion dollars, 14.7 billion or 8 percent above 1949 and 13.7 billion or 7 percent above 1948.

Consumer expenditures on goods and services in 1950 reached a peak of 190.8 billion dollars, 7 percent above 1949 and 8 percent greater than in 1948. Expenditures on durable goods totaled 29.4 billions, compared with 23.8 in 1949 and 22.9 in 1950. Consumer buying of hard goods increased sharply in the third quarter of 1950 when the outbreak in Korea gave rise to a wave of anticipatory buying. Over one-half of the rise in total expenditures between the second and third quarters resulted from purchases of durable goods. Expenditures on these goods receded somewhat during the fourth quarter, however, dropping from an annual rate of 33.5 billion dollars to 30.5 billion. Korea also precipitated a wave of nondurable goods purchases during the third quarter, and expenditures rose sharply from an annual rate of 99.3 billion in the second quarter to 104.9 billion during the third quarter. In contrast to the slight recession in durable goods purchases during the fourth quarter, expenditures on soft goods continued to rise during the last three months of 1950, although at a greatly diminished rate. During the entire year 1950, expenditures on nondurable goods totaled 101.8 billion dollars, compared with 98.5 billion in 1949 and 100.9 billion in 1948. Expenditures on services in 1950, expanding steadily throughout the year, totaled 59.6 billion dollars compared with 56.4 billion in 1949 and 53.7 billion in 1948.

With dollar sales at department stores reaching record levels during the last two weeks of December, the Federal Reserve Board's seasonally adjusted index for December was up sharply to 326 (1935-39=100), 12 percent above November 1950 and 11 percent above December 1949. During the entire year 1950, the index averaged 304, 6 percent above 1949. In December and early January sales of durable goods increased sharply over levels of a year earlier. The pickup was in contrast to a general weakening in sales of hard goods following the period of heavy buying after the Korean outbreak.

For the first time since 1943, November repayments on outstanding consumer installment loan balances exceeded new installment loans. Total consumer installment indebtedness at the end of November was estimated at 13,319 million dollars, 74 million below a month earlier. During the year ending November 30, 1950, however, installment credit balances rose 2.9 billion dollars. Several factors contributed to the November decline--the slowdown in automobile production and sales owing to model changeovers;

consumer credit restrictions which were imposed in September and tightened in October; advance buying during the early post-Korea buying surge; and severe weather in the Eastern States during November. The November drop, more than half of which occurred in automobile sale credit, compares with increases of over 300 million dollars per month from May through September.

Total consumer credit at the end of November, however, at 19,412 million dollars, was equal to that of a month earlier as a further rise in noninstallment credit balances offset the drop in installment credit. Increases in charge account and single payment loan balances accounted for most of the rise in noninstallment credit, although the expansion in charge account balances, 36 million, was considerably smaller than the average rise of more than 200 million in preceding postwar years.

COMMODITY PRICES

Prior to the General Ceiling Price Regulation effective January 26, commodity prices at wholesale continued upward in December and January as average prices of all major groups registered advances. The BLS comprehensive index in December was 175.3 (1926=100), 2.1 percent higher than in November. Average wholesale prices of farm commodities increased 2.1 percent during the month; foods, 2.2 percent; and all other than farm and foods, 1.8 percent. The rise in prices of industrial products reflected further advances in textiles and chemicals, a substantial increase in prices of metals and products and a recovery in prices of building materials to their previous high reached last October. In 1950, wholesale prices of all commodities averaged 4.2 percent higher than in 1949.

Table 2.- Group indexes of wholesale prices, week ending January 23, 1951
with comparisons

Group	(1926 =100)					
	: Week ended : Jan. 23, : 1951 :	: Week ended : Dec. 26, : 1950 :	: Week ended : Jan. 24, : 1950 :	: Week ended Jan.23,1951 :percentage change from :Week ended:Week ended : Dec. 26, : Jan. 24, : 1950 : 1950		
All commodities	: 179.9	: 176.0	: 151.3	+ 2.2		+18.9
Farm products	: 196.4	: 190.6	: 154.0	+ 3.0		+27.5
Food	: 183.9	: 181.4	: 154.4	+ 1.4		+19.1
All other than farm and food	: 169.1	: 165.9	: 145.8	+ 1.9		+16.0
Textile products	: 180.7	: 171.3	: 138.4	+ 5.5		+30.6
Fuel and lighting materials	: 136.2	: 136.0	: 131.3	+ .1		+ 3.7
Metals and products	: 188.4	: 184.1	: 168.5	+ 2.3		+11.8
Building materials	: 224.2	: 222.0	: 191.6	+ 1.0		+17.0
Chemicals and allied products	: 144.9	: 139.8	: 115.6	+ 3.6		+25.3

Wholesale prices of all major groups of commodities advanced 2.2 percent during the first four weeks of January. Prices of textiles, chemicals and allied products, farm products and metals and metal products were up sharply. More moderate advances were registered by the other major groups.

Average wholesale prices during the week ending January 23 were up 19 percent from the same period a year earlier with prices of textile products, chemicals, farm products, food, and building materials scoring the largest gains.

In mid-January, average prices received by farmers rose to within 2 percent of the all time peak reached in January 1948. The BAE index of prices received by farmers in mid-January was 300 (1910-14=100), 5 percent above the preceding month. Average prices of all crops combined were up 7 percent during the month with all major groups except fruit advancing. Prices received for truck crops rose sharply to a new all-time high. Substantially higher average prices received for wool and meat animals and moderately higher prices received for dairy products resulted in a 4 percent rise in average prices of all livestock and livestock products combined. A sharp decline in egg prices and a slight drop in prices received for turkeys, however, brought average prices of poultry and eggs combined 18 percent below mid-December.

Table 3.- Group indexes of prices received by farmers, January 15, 1951 with comparisons

Group	(1910-14=100)					
	:	:	:	:January 15, 1951 per-		
	:Jan. 15,	:Dec. 15,	:Jan. 15,	:centage change from		
	: 1951	: 1950	: 1950	:Dec. 15,	: Jan. 15,	
	:	:	:	: 1950	: 1950	
Food grains	240	233	218	+ 3	+ 10	
Feed grains and hay	214	202	170	+ 6	+ 26	
Cotton	347	339	222	+ 2	+ 56	
Tobacco	442	436	382	+ 1	+ 16	
Oil-bearing crops	374	366	228	+ 2	+ 64	
Fruit	192	202	185	- 5	+ 4	
Truck crops	324	211	261	+ 54	+ 24	
Other vegetables	161	149	193	+ 8	- 17	
All crops	275	258	219	+ 7	+ 26	
Meat animals	391	360	286	+ 9	+ 37	
Dairy products	286	272	254	+ 5	+ 13	
Poultry and eggs	203	247	158	- 18	+ 28	
Wool	551	448	265	+ 23	+108	
Livestock and products	323	311	249	+ 4	+ 30	
Crops and livestock and products	300	286	235	+ 5	+ 28	

Compared with a year ago, farm product prices averaged 28 percent higher with all crops up 26 percent and livestock and livestock products up 30 percent. Prices received for most major groups of commodities were substantially above a year ago. Only a minor gain occurred in average fruit prices compared with January 1950 while sharply lower prices received for potatoes were reflected in a 17 percent drop in "other vegetables."

Rising interest, taxes, and wage rates and further advances in prices paid for feed, feeder livestock, food and clothing pushed the BAE index of prices paid, including interest, taxes and wage rates to a new all time high of 272 (1910-14=100), 3 percent above mid-December. But the greater rise in prices received from mid-December to mid-January brought the parity ratio (index of prices received divided by index of prices paid, including interest, taxes and wage rates) up to 110, 2 points higher than in mid-December and 16 points above January a year ago.

Average prices paid by urban consumers of moderate incomes continued to move upward in December. The BIS index of consumers' prices for that month rose 1.6 percent from the previous month to 178.4 (1935-39=100), a new all time high. Substantially higher prices paid for food in December were largely responsible for the over-all rise, although average prices paid for all other major groups of goods and services also rose. In 1950, the consumers' price index averaged 1 percent above the previous year and the same as in 1948. The food component of the index was up 1 percent from 1949, but 3 percent lower than in 1948; nonfood, 1 percent above 1949 and 2 percent above 1948.

FARM INCOME

Tentative estimates indicate that total cash receipts from farm marketings in 1950 were only a little below the 28.1 billion dollars received by farmers in 1949. More complete information will be presented in the next issue of The Demand and Price Situation.

Cash receipts from farm marketings in January were probably about 2.4 billion dollars, 9 percent less than in December but 9 percent more than in January 1950. A 5 percent increase in average prices did not offset the seasonal decline in marketings from December, but an average increase of 28 percent in prices from a year ago was great enough to more than make up for the drop in sales.

Receipts from livestock and products of 1.4 billion dollars were a little below December, mainly because of a seasonal decline in sales of turkeys and lower prices for eggs. However, they were about 20 percent greater than a year ago as a result of sharp increases in receipts from hogs, cattle, eggs, and milk. Livestock prices averaged 30 percent higher than a year ago, but marketings were lower.

Crop receipts in January were about 1.0 billion dollars, 14 percent below December and a little lower than in January last year. While crop prices averaged 7 percent higher than in December, marketings were down, largely because of seasonal declines in cotton and soybeans. The decline in crop receipts from a year ago reflected smaller marketings of corn and cotton, and occurred in spite of an average increase of 26 percent in crop prices.

LIVESTOCK AND MEAT

All meats were put under price control by the Economic Stabilization Agency's order of January 26. Ceilings on meat are the highest prices of the period from December 19 to January 25. Prices of live animals were not included under control.

Price trends up to the time of the order had been generally upward, as demand had increased further and slaughter supplies of livestock had been reduced seasonally.

Prices of hogs advanced considerably from mid-December to late January. Hog slaughter decreased in January from its early December peak but was above January last year. Slaughter will not increase until about the middle of March, when sizable marketings will begin from the 1950 fall pig crop.

Prices of cattle also rose in late 1950 and in January. The biggest increase from mid-fall was in the top grades. Slaughter of cattle in January was seasonally smaller than in December, but slightly larger than last January. In both December and January beef production was moderately larger than a year earlier. Greater numbers of well-finished cattle in market receipts lifted average slaughter weights substantially. Numbers of well-finished cattle marketed and total production of beef are likely to remain a little larger than last year.

Prices of lambs set new highs in January. Sheep and lamb slaughter, which at this season is made up largely of fed lambs, was somewhat smaller than in January last year. Slaughter will decline seasonally and will likely remain below a year earlier. The number of lambs on feed January 1 was down 6 percent from January 1949. The reduction was due to the smaller 1950 lamb crop and the increased proportion of ewe lambs retained last fall for addition to breeding herds. Except for the additional ewe lambs held back, lamb slaughter late in 1950 was fairly large relative to the size of the lamb crop.

Reports on numbers of cattle on feed and of hogs to be raised point to a moderate increase in meat production for 1951 compared with 1950. On January 1 a record number of cattle were on feed--5 percent more than last year. There were 2 percent more on feed in the Corn Belt this year than last and 15 percent more in the western States. However, the numbers on feed January 1 included an unusually large proportion of cattle of light weight, which will not reach market until late in the year. Prospects are that total beef production for the year will be moderately larger than last year.

Farmers saved 9 percent more pigs last fall than the previous fall and if their December plans are carried out about 6 percent more pigs will be saved this spring than last. The increase in fall pigs will result in a roughly equivalent increase in pork production during the marketing season from March through August, and the increase that is realized in spring pigs will govern pork production beginning in September. Slaughter weights of hogs are expected to average slightly heavier in 1951 than last year, thus contributing to the increase in total pork production.

The increase in pork and beef supplies will provide for larger military demands and may allow civilian meat consumption to increase by about 3 pounds per person over the 145 pounds per person consumed in 1950.

DAIRY PRODUCTS

Wholesale prices for all dairy products have increased substantially during the last two months and are considerably higher than a year earlier. These increases reflect gradually expanding demands, lower production of butter and cheese and the substantial lowering of Government stocks of these products.

Corresponding to the general up-movement in dairy prices at wholesale, prices received by farmers for milk and butterfat increased from December to January. Normally these prices move downward at that time of year. The average price received by farmers for butterfat was 70.2 cents per pound in January, compared with 64.8 cents in December and 62.5 cents a year earlier. The price for milk at wholesale was \$4.66 per hundred pounds in January, compared to \$4.54 in December and \$4.07 in January 1949. Manufacturing milk prices advanced sharply in the second half of December and early in January. The average price paid by dealers for fluid milk at wholesale increased from December to January. Usually both of these prices decline slightly from December to January, and with the shift in utilization to manufactured products, the price of all milk at wholesale declines several percent. Prices of both butterfat and milk at wholesale are likely to decline less than seasonally during the first half of 1951.

Ceilings on prices of milk and major manufactured dairy products are established at processor and distributor levels under the recently issued General Ceiling Price Regulations. However, since prices received by farmers for milk and butterfat are still below parity, these ceiling prices may be adjusted upward by the dollar and cents amount that the current price paid by each processor and distributor for the milk and butterfat, or the products of those items, exceeds the highest price he paid during the base period December 19, 1950 through January 25, 1951. Such upward adjustments in these ceilings may continue until the Secretary of Agriculture announces by publication that the prices to producers for milk and butterfat have reached the legal minimum. Prices to farmers for milk and butterfat as well as other raw unprocessed agricultural commodities are exempted from direct ceilings.

Dairy-product-feed price ratios improved somewhat in January, but were no better than average for that month. Farmers have continued to feed concentrates liberally to their milk cows. The average rate of milk flow per cow in correspondents' herds on January 1 was not quite equal to the record high of a year earlier. Total milk production increased less than usual in December and for the month was 1 1/2 percent below the record of a year earlier.

Consumption of milk in fluid form has continued larger than a year earlier because the rise in consumer incomes has been greater than the rise in retail prices of milk. With production of milk running below last year, therefore, supplies of milk available for manufacturing have been sharply lower than a year earlier. Output of butter is running around 15 percent under early 1950, and cheese production is down about 10 percent. Ice cream production in December declined slightly under a

year earlier after running larger in the preceding 3 months. But production of evaporated, condensed, and dry whole milk in recent months has been greater than a year earlier. The present general pattern of utilization probably will continue for some time, since total milk production, on an annual rate basis, is not likely to expand and consumption of milk in fluid form may rise as a result of further increases in consumer incomes.

POULTRY AND EGGS

Coilings on eggs, chickens, and turkeys at the processor and distributor level are imposed by the Price Regulation. Since prices received by farmers for these commodities are below the legal minimums, coiling prices for these commodities may be adjusted upward by processors and distributors if prices received by farmers rise.

Egg prices fell sharply in January, bringing the mid-month U. S. average farm price to 42.6 cents per dozen, compared with 57.7 cents a month earlier. Even after this decline, the second sharpest recorded in the monthly farm egg price series, eggs remain substantially higher than a year earlier. In January 1950 they were 31.2 cents per dozen.

Egg production in December was 6 percent lower than a year earlier, and apparently has continued lower than a year ago in January. Several factors on the demand side also contributed to the sharply higher egg prices compared with a year earlier: (1) population was almost 2 percent larger than a year earlier, (b) employment and incomes were higher, and (c) a larger military force took more eggs. These factors more than offset the absence of Government egg price support activities.

Early in January there was a pronounced rise in the prices of broilers and some other classes of chickens, bringing the farm price in mid-January to 24.3 cents per pound (live). This compares with 22.3 cents the month previous and 20.3 cents a year earlier. In some of the specialized broiler areas, the rise in broiler prices brought mid-January returns for that class of poultry to levels 10 to 30 percent higher than a month earlier.

The bulk of turkeys from the 1950 hatch has been sold, except for the breeders which will be marketed after the turkey hatching season. For the 1950 crop late season prices (since about the second week in December) were distinctly more favorable to growers than were the returns on sales made earlier in the season. The successive monthly farm prices starting with November 1950 were 32.6, 34.3, and 33.9 cents per pound (live) respectively.

FATS, OILS AND OILSEEDS

The upward trend in prices of domestic fats and oils was moderated in the latter half of December and the first week in January. Later, prices of domestic fats and oils rose further. Prices of imported fats and oils also rose from December to January. Prices of fast-drying oils--tung, castor, and oiticica--were substantially higher than a month earlier. The index number of wholesale prices of 26 major fats and oils (excluding butter) in January was about 240 (1935-39=100) compared with 217 in December, 185 in October and 144 in January 1950.

Under the General Ceiling Price Regulation prices of all domestic fats, oils and oilseeds are frozen beyond the producer level. Prices received by farmers for soybeans, peanuts, flaxseed and tung nuts on January 15 were below the legal minimums so that these ceilings are subject to parity adjustments. To encourage imports of certain fats and oils, prices of most imported oilseeds and oils are exempt from control. Among these are castor beans and oil, oiticica oil, copra and coconut oil.

There will be no acreage allotments on 1951 corn and wheat crops. As corn competes for acreage with soybeans and wheat with flaxseed, farmers may reduce soybeans and flaxseed acreages below the 1950 level. Relative prices through planting time also will influence farmers' choices. Based on preliminary estimates of season average prices for the 1950 crops, the soybean-corn price ratio was 1.6, slightly lower than a year earlier. The flaxseed-wheat price ratio was 1.6 compared with 1.9 in 1949 and the 1940-49 average of 2.2. However, these ratios were more favorable to the oilseeds in mid-January.

Use of fats and oils in the drying-oil industries in January-September 1950 was at an annual rate of about 1.1 billion pounds, 160 million pounds more than total use in 1949 and about the same as the peak in 1948. Large supplies of slow-drying oils--linseed and soybean--are available in 1951, but supplies of fast-drying oils probably will be reduced substantially as a result of the recent virtual suspension of imports of Chinese tung oil. With demand for drying-oils in 1951 expected to be strong, prices will average substantially higher than a year earlier. Prices of linseed oil, for which substantial reserve supplies exist, are likely to remain low in relation to prices of soybean oil and fast-drying oils.

CORN AND OTHER FEEDS

Influenced by stronger demand and a smaller corn supply than in 1949-50, feed prices are expected to continue higher than a year earlier, at least through the first half of 1951. In mid-January prices of all feed grains were above the support level and averaged 29 percent higher than a year ago. Prices of most of the byproduct feeds are also somewhat higher than in early 1950. Corn prices have advanced more than seasonally since November, with No. 3 Yellow corn at Chicago reaching a level in January close to the CCC sale price of \$1.79 per bushel. Prices of protein feeds in January were generally higher than a year earlier, although these feeds continue lower relative to feed grains than in the past two years. Prices received by farmers for feed grains are below the legal minimum levels at which ceilings may be established under the provisions of the Defense Production Act of 1950. Consequently, ceilings on feed grains and byproduct feeds processed from feed grains at the processor and distributor levels may be adjusted upward if prices to producers rise. Some of the byproduct feeds, however, notably cottonseed meal, tankage, and meat scraps are not subject to the upward adjustment.

Stocks of the four feed grains in all positions on January 1 totaled close to 102 million tons, slightly above the large holdings of a year earlier. Stocks of corn totaled 2,664 million bushels, about 142 million

smaller than on January 1, 1950, but much larger than in most years prior to 1949. Stocks of oats, barley, and sorghum grains were all larger than on January 1, 1950.

Domestic utilization of feed grains continues heavy. During October-December 1950, the combined domestic disappearance of corn, oats, and barley was slightly smaller than a year earlier but 4 percent above the 1943-47 average. Domestic disappearance of corn for all purposes was 5 percent smaller than the high rate in that quarter of 1949, when the crop was harvested earlier and utilization of new crop corn began earlier in the season. Based on January 1 stocks and allowing for prospective disappearance during the remainder of the marketing year, the corn carry-over on October 1, 1950 may be around 300 million bushels smaller than the 1950 carry-over of 859 million bushels.

The Secretary of Agriculture announced early in January that there will be no acreage allotments on the 1951 corn crop. This announcement "relieves all producers--inside and outside the commercial corn area--from compliance with allotments as a condition for price support." The acreage guide for the 1951 crop announced by the Secretary on February 2, suggests corn acreage this year be increased to 90 million acres, 7 percent above the planted acreage last year.

WHEAT

Wheat prices immediately preceding the Price Regulation were generally 15 to 20 cents above the loan level, and about 20 cents above a year earlier. With market prices well above the loan, sizeable quantities of farm-stored wheat under loan have been redeemed and sold on the market.

Through December loan and purchase agreement wheat from the 1950 crop totaled 181 million bushels against 313 million bushels from the 1949 crop on the same date a year earlier. In addition, about 5 million bushels of 1949 crop wheat had been resealed by November 30. On January 29, the CCC reported ownership of about 228 million bushels. Sales continue to be made out of CCC stocks so that inventories will gradually be reduced before taking deliveries on 1950-crop loan wheat after April 30.

July-December exports of wheat and flour totaled the equivalent of about 108 million bushels, compared with 169 million bushels a year earlier. Cumulative sales for the second year under the International Wheat Agreement through January 23 totaled 151 million bushels, which is far in excess of sales made by this time a year ago. Total quotas for the 1950-51 season amount to 232 million bushels.

In the important central and southern Great Plains area, where wheat is mostly poorly rooted, moisture continues to be greatly needed. In addition to damage resulting from drought, there has been some deterioration due to freezing and greenbug infestation. In practically all other areas, the crop appears to be in satisfactory condition, except that some concern is felt for late plantings with little top growth in eastern North Central wheat sections, especially where snow cover is lacking.

On January 5 the Secretary of Agriculture announced that there will be no acreage allotments on the 1951 crop of spring wheat. On February 2, the Secretary announced an acreage guide for spring wheat of 21.4 million acres, almost 16 percent above the 1950 planted acreage. Termination of wheat allotments relieves all wheat producers from compliance with allotments as a condition for price support which has been announced at 90 percent of parity as of July 1, 1951. On August 21, the Secretary announced the national average price support for the 1951 crop would be not less than \$1.99 a bushel, which is the support level now in effect for the 1950 crop. The effective parity on January 15 was \$2.35 per bushel, 90 percent of which is \$2.12.

Prices received by farmers on January 15 for wheat and rye were below the legal minimum prices provided in the Defense Production Act of 1950.

FRUIT

Grower prices for oranges probably will rise slightly during February and March. But prices for other fruits are not expected to change much from January levels, mainly because of large supplies.

All fresh fruits and tree nuts are exempt from price regulation under the General Ceiling Price Regulation that became effective January 26, 1951. However, prices for processed fruits and tree nuts are frozen at the highest prices charged by sellers during December 19, 1950, through January 25, 1951 with provisions for parity adjustments when grower prices are below legal minimum levels.

Although terminal market auction prices for oranges during November and December 1950 were generally above prices of these two months in 1949, prices in mid-January 1951 were moderately under prices of January 1950. Some increase in prices, both in terminal auction markets and at local packing plants seems likely as utilization of oranges by concentrators approaches capacity levels in February. Prices may increase further in March as Florida Valencia oranges are marketed in volume, because prices for Valencias usually average a little higher than prices for early and midseason varieties. But prices for oranges are not likely to rise sharply as they did in early 1950. Slightly more oranges remained to be marketed after January 20, 1951, than a year earlier.

Prices for grapefruit at both grower and terminal auctions averaged considerably lower in December 1950 and mid-January 1951 than a year earlier. With supplies remaining to be marketed after January 20 considerably larger than corresponding supplies in January 1950, the usual seasonal rise in prices is less likely to occur this winter. However, at the lower prices this winter, movement to processors is expected to continue heavy. Because of considerably larger supplies, prices of lemons probably will continue much lower than the unusually high prices of early 1950.

Cold-storage holdings of apples on December 31, 1950 were substantially larger than the near-average stocks on that date a year earlier. In mid-January 1951, both shipping point and terminal market wholesale

prices generally were considerably above corresponding prices in 1950. Because of the large remaining stocks of apples, prices are not likely to rise sharply this winter as they did a year ago. In fact, prices even may trend lower as market movement increases this winter, as it must if the remaining stocks are fully utilized. With near-average cold-storage holdings of pears on December 31, 1950, prices for pears probably will not change much this winter.

Total cold-storage holdings of frozen fruits and fruit juices on December 31, 1950 were about 49 percent larger than on that date in 1949. Holdings of strawberries, cherries, and orange juice were each much larger than comparable stocks on December 31, 1949. Total packers' and wholesalers' stocks of canned apricots, peaches, pears, pineapple and fruit cocktail were one-tenth smaller than on December 31, 1950. In Florida, packers' stocks of the new packs of canned citrus juices were more than three-fifths larger on December 31, 1950, than corresponding stocks a year earlier.

COMMERCIAL TRUCK CROPS

The general freeze order does not apply to fresh vegetables, nor to raw and unprocessed vegetables sold by producers. Processors and distributors of processed vegetables come under the freeze, with provisions for parity adjustments to the ceilings when grower prices are below legal minimums.

For Fresh Market

Prices received by farmers for many fresh vegetables in the first quarter of 1951 are expected to average moderately higher than a year earlier because of smaller supplies and stronger demand this winter. Prospective production of 12 out of 18 winter vegetables is smaller than last winter. The winter crops of lima beans, cabbage, and green peppers are expected to be 26 to 38 percent smaller than last winter. Those of tomatoes, beets, cucumbers, eggplant, celery and cauliflower are indicated to be 13 to 24 percent smaller than last winter. The winter crop of carrots, kale, and shallots are expected to be 3 to 7 percent smaller. The escarole crop probably will be about the same as last winter, but the crops of lettuce, green peas, and artichokes, are expected to be 9 to 27 percent larger this year than last. Aggregate production of the 18 winter vegetables is 12 percent less than that of a year earlier, but 12 percent above average. The small winter cabbage crop accounts for more than one half of the total drop in tonnage from last winter.

For Processing

In the next few months, commercial canners and freezers of vegetables will be making contracts with farmers for production to be processed this year. It is expected that these processors will offer higher prices to farmers for most processing crops in order to induce farmers to maintain or increase the acreage planted to these crops. Military and civilian demand for canned vegetables is expected to be stronger this year than in 1950.

POTATOES AND SWEETPOTATOES

Supplies of 1950-crop potatoes held in storage are more than ample to meet the demand until the 1951 crop becomes available in substantial volume. Because of the large supply, prices for potatoes at all levels of trade are expected to be moderately lower than a year earlier.

1951-crop, or new, potatoes probably will sell for higher prices this year than last during this winter and the early spring months. Production for winter harvest (in Texas and Florida) is estimated to be 29 percent smaller than the comparable crop last winter. The winter crop, however, is only a fraction of 1 percent of our annual crop.

Acreage for harvest in early spring, and the acreage for late spring -- which includes the early commercial acreage in California and 10 other States -- is expected to be considerably below that of 1950 and also below average, based on farmers' intentions to plant. Planting intentions in intermediate and late crop areas will be announced in March.

Prices received by farmers for 1950-crop sweetpotatoes in the next month or two will continue somewhat lower than a year earlier. Total supplies available are believed to be somewhat larger than a year earlier, though official stock data are not obtained.

It seems likely that acreage planted in sweetpotatoes this year will be less than in 1950 because of the relatively low prices received for the 1950 crop and because many farmers in sweetpotato growing areas will have more attractive crop alternatives this year.

DRY BEANS AND PEAS

Demand for most major classes of dry edible beans is expected to continue strong in the next few months. Prices received by farmers rose contraseasonally in the last quarter of 1951, and have been above the levels of a year earlier since last September. Total supplies are slightly smaller than a year earlier while demand is moderately stronger. Of the major types only baby limas have failed to share in the general price-strengthening for dry beans. Prices received at country shipping points in Michigan for pea beans rose sharply in late summer and early fall of 1950, but have since subsided to about their August levels. It now appears that an appreciable part of the rain-damaged beans harvested will not be acceptable in normal food trade channels, and will have to seek lower-price outlets.

Prices received by farmers for dry field peas are expected to rise about seasonally from their December 1950 level which was slightly higher than a year earlier.

COTTON

The recently announced General Ceiling Price Regulation exempts raw cotton when sold by the producer from the freeze order, because of administrative impracticability, although the Economic Stabilization Agency

is at present empowered to fix a ceiling on this commodity. However, since the price of cotton is above the legal minimum as specified in the Defense Production Act of 1950, distributors of raw cotton and processors and manufacturers of cotton goods are required to freeze prices at the highest level charged during the base period.

The average ten spot market price for Middling 15/16 inch cotton rose steadily during the 4 weeks immediately preceding issuance of the price order, and on January 23 reached 45.15 cents, the highest on records extending back to 1915. This emphasizes the strong demand and relatively short supply prevailing for the current season. The previous high of 43.93 cents was set on November 22, 1950. The farm price on December 15 was 40.36 cents per pound, or .77 of a cent lower than the mid-November price. In January the farm price was 41.31 cents per pound, .95 cents above December and 125 percent of parity.

Mill consumption during the first 5 months of the 1950-51 season indicates that 10.3 to 10.5 million bales will be consumed during the 1950-51 season. Exports will probably total about 4.0 million bales. Thus a prospective carry-over of less than 2.5 million bales is indicated. On January 17 the Production and Marketing Administration allocated by countries the additional 600,000 bales of export allocations which had not previously been made. All of the 3,496,000 bale export allocation has now been allocated among countries. Mill consumption during the four weeks December 3 to December 30 was 784,057 bales, compared with 733,833 bales during the comparable December 1949 period. The average daily rates of consumption during these periods were 41.3 and 34.9 thousand bales, respectively.

The average mill margin for 17 constructions of cloth continued to move upward. It stood at 50.21 cents in December as compared with 48.39 cents in November. These increased margins reflect higher prices for cotton goods. Although the price of cotton used in the cloth increased by .39 cent, from 42.28 in November to 42.67 in December, the average price of the gray goods increased by 2.21 cents to 92.88 cents.

The prices for linters declined somewhat from the high of November 28. However, the prices were still higher than at any time prior to the current season. On January 16 the price for Grade 2 linters at Memphis ranged from 24-1/2 cents to 26 cents and the price for Grade 4 was 18 to 21 cents.

WOOL

World demand for wool will continue to rise as a result of expanding defense activities. Military requirements in the United States and elsewhere are expected to increase substantially. In the United States a war reserve equivalent to 100 million pounds of wool, clean basis, in the form of raw wool, semimanufactures, or manufactured goods has been authorized. The Commodity Credit Corporation is now purchasing 30 million pounds of foreign wool toward this reserve for the Department of Defense. The Munitions Board has announced that wool was put on its stockpiling list on December 29 and that purchases for stockpiling will begin after procurement for the war reserve has been completed.

World supplies of wool during the current season have been somewhat lower than last year. The slight increase in production now estimated for the current season has not been sufficient to offset the lower stocks at the beginning of the season.

Prices received by domestic growers for shorn wool have set new record highs each succeeding month beginning last September. The average price received in January was 98 cents per pound, grease basis, substantially above the legal minimum levels established in the Defense Production Act of 1950. This price compared with 79.8 cents in the previous month and 47.2 cents in January of last year. Prices received for 1951 clip wool will average considerably higher than in 1950. Prices of domestic wools at Boston at mid-January were substantially higher than a month earlier. Territory fine staple wool was quoted at \$3.15 per pound, clean basis, at mid-January, compared with \$2.65 per pound at mid-December.

At the opening auctions of the second half of the current wool-selling season in Australia, Union of South Africa, and New Zealand, prices were substantially higher than at the close of auctions in December. Prices at the Australian sales were 15 to 20 percent higher; at the South African sales, 10 to 15 percent higher; and at the New Zealand auctions, 10 percent higher. Prices in South American markets followed a similar trend and registered sharp advances.

Consumption of apparel wool by domestic woolen and worsted mills averaged 7.7 million pounds per week, scoured basis, during November, compared with 9.5 million pounds during October. Consumption during January-November totaled 400 million pounds. The average weekly rate of consumption in January-November was 29 percent higher than a year earlier. During the same months, consumption of carpet wool amounted to 181 million pounds.

Imports for consumption of both dutiable (apparel) and duty-free (carpet) wool during October were somewhat lower than during the previous month. Imports of dutiable wool, 18.4 million pounds, clean basis, were 3.6 million pounds less, while imports of duty-free wool, 12.8 million pounds, were 1.6 million pounds lower. The January-October total for dutiable wool was 211 million pounds, compared with 117 million pounds in 1949, and for duty-free wool was 195 million pounds, compared with 91 million pounds in 1949.

TOBACCO

The general price-freezing order exempts prices of raw tobacco when sold by the producer but establishes ceiling prices for all other sellers of tobacco and tobacco products upon the basis of prices in effect from December 19, 1950, to January 25, 1951. The order includes a "parity adjustment" section which applies to all the domestic types except flue-cured.

Demand for Burley was strong when auctions reopened in early January following the 12-day recess for the holidays. Average prices were higher during the first 2 weeks of January than in the preholiday period but

declined toward the end of the month as the sales season began drawing to a close. The average price for Burley sold during the season through late January was about 48.7 cents per pound--8 percent above last season's average. The support price for the 1950 crop is 45.7 cents per pound. For the season through late January, approximately 9 percent of total deliveries had been placed under Government loan. The total Burley supply for 1950-51 is about 2 1/2 percent lower than the record level for 1949-50. The 1951 crop will be larger if yields per acre are near the recent 5-year average. The 1951 Burley acreage allotment is almost 4 1/2 percent above the 1950 allotted acres.

Flue-cured prices for the 1950 season, which closed in December, averaged near 55 cents per pound compared with 47.2 cents in 1949. The 1951 flue-cured allotment is about 9 percent larger than the 1950 allotted acreage. Both Burley and flue-cured are expected to continue in strong demand in 1951. The indicated tax-paid withdrawals of cigarettes in 1950 totaled a record 361 billion--almost 9 billion more than in 1949 and a further gain in cigarette consumption is likely in 1951. Smoking tobacco output in 1950 at about 109 million pounds was a little higher than in 1949 and some further rise may occur in 1951.

The demand for Virginia fire-cured has continued firm and for the season (auctions opened November 29) through late January, prices averaged 36.5 cents per pound--11 percent higher than in the same period a year earlier. Kentucky-Tennessee (types 22-23) auctions began in the fourth week in January, later than usual because of weather conditions. For sales during the first several days, prices averaged 29.5 cents per pound for type 22 and 22.3 cents for type 23. These were lower than the early market averages for the 1949 crops because of larger proportions of lower quality of the offerings, although practically all individual grade prices were above a year ago. The principal domestic use for fire-cured is in snuff. Consumption of snuff in 1951 is expected to be at least as large or a little larger than the 40 million pounds consumed in 1950.

Average prices for dark air-cured tobacco (types 35-36) continue below those of a year earlier because of the generally lower quality of the tobacco. Virginia sun-cured (type 37) has brought higher prices than a year ago. Dark air-cured tobacco and sizable quantities of Burley and the stemming grades of cigar binder are used in the manufacture of chewing tobacco. Chewing tobacco output in 1951 may gain a little over the record low of about 89 million pounds in 1950.

Tax-paid withdrawals of large cigars in 1950 are indicated at 5,538 million compared with 5,587 million in 1949. During the last half of 1950, cigar consumption ran 2 percent above the same period in 1949 and for 1951 as a whole, is expected to exceed the 1950 level.

The exports of unmanufactured tobacco during the first 11 months of 1950 totaled 432 million pounds compared with 443 million a year earlier. Export demand for United States tobacco from the 1951 crop is expected to be strong, and 1951 calendar year exports are likely to be above the 1950 level.

SUGAR AND RELATED PRODUCTS

Domestic distribution of sugar by primary distributors during the calendar year 1950 amounted to a record 8,222 thousand short tons. This was 2 percent above the previous record of 8,069 thousand short tons in 1941, and about 9 percent above the 7,578 thousand short tons distributed in 1949.

From February through August 1950, domestic sugar distribution ran ahead of 1949, was below 1949 for the next three months, but was above 1949 again in December. Heaviest distribution came during the May-August period, reflecting in part the efforts by the trade and by household users during July and August to accumulate stocks following the outbreak of hostilities in Korea.

Primary distributors' stocks were below 1949 levels from June 1 through September 1, but for subsequent months of 1950 have been above last year. As of December 1, 1950, stocks of primary distributors (visible stocks) amounted to 1,768 thousand short tons, compared to 1,445 on December 1, 1949. Year-end distributor stocks were slightly higher than those on December 1, 1950 because of the large production from the 1950 crops and the normal tendency for stocks to increase during December. Total stocks (visible plus invisible) at the beginning of 1951 were somewhat above those at the beginning of 1950.

Per capita disappearance of sugar during 1950 was close to 100 pounds, as compared to 95.6 pounds in 1949. Part of this increase, however, reflects the accumulation of sugar by household users following the Korean outbreak in June. A sample survey conducted by the Bureau of the Census indicated that consumers' stocks in August amounted to 8 pounds per household. A similar survey in January, 1950 showed average stocks of 5.5 pounds and in July 1949, stocks averaged 6 1/4 pounds. It is likely that household users still retained slightly larger reserves on January 1, 1951 than a year earlier.

Retail prices of sugar were higher than in 1949 from January through March of 1950 and below 1949 during the period May-July. But during August the sugar market strengthened and retail prices also rose. In December 1950, retail prices reported by BLS averaged 50.1 cents per 5 pounds, 1.8 cents above December 1949.

Season average prices received by producers for sugar beets were \$11.40 per ton in 1950 and \$10.80 per ton in 1949. Sugar Act payments amounted to an additional \$2.46 per ton in 1950 and \$2.47 in 1949. For sugarcane, producers received an average of \$7.83 per ton plus \$1.20 per ton for Sugar Act payments in 1950. In 1949, the average price was \$6.25 per ton plus \$1.13 per ton payments.

Production of sugar beets from the 1950 crop is estimated at 13.4 million short tons, 31 percent above 1949, while 1950 sugarcane production for sugar is estimated at 6.6 million tons, 8 percent above last year.

On December 26, 1950, the Department of Agriculture announced that total sugar quotas of 8 million short tons will be needed to meet the requirements of consumers in the continental United States in 1951. This quantity is intended to permit unrestricted domestic consumption, to maintain stable prices, and to maintain present large stocks, desirable in view of the national emergency.

With production of centrifugal sugar in areas supplying the United States market during the 1950-51 season estimated at 12.1 million short tons, 9 percent above 1949-50, and with sizeable domestic stocks at the beginning of 1951, consumer supplies during the first quarter of 1951 will be abundant. Steady retail prices are also likely in view of the recent stability of prices at the wholesale level. Per capita disappearance in 1951, on the basis of present circumstances, is likely to be almost as large as in 1950.

Sirups, Molasses, Honey

Production of edible sirups, edible molasses, and honey for consumption during 1950 was about 5 percent larger than in 1949. Indicated domestic consumption was up by about the same margin. Increased production over 1949 was recorded for corn sirup, maple sirup, and honey. Production of dextrose in 1950 was considerably above 1949, but maple sugar production was down slightly. The rise in prices of sugar-containing products was similar to that for beet and cane sugar during 1950. By December, the average price at New York per 100 pounds of corn sirup, (barrels in carlots) had advanced to \$6.83 from the \$6.02 during the first few months of the year. Dextrose per 100 pounds at New York rose from \$6.35 in April to \$6.90 for September-December. Prices for maple sirup and maple sugar at the producer level were made before the rise in sugar prices took place, and were slightly under 1949. Producer prices for sugarcane and sorgho sirup were reported at \$1.06 and \$1.79 per gallon, respectively, on December 1, 1950, both above December 1, 1949. Fall production of sugarcane sirup, sorgho sirup, and edible molasses is used largely for consumption in the calendar year following.

Total production and consumption of edible sirups, edible molasses, and honey in 1951 is likely to be about the same as in 1950. Increases in the fall output in 1950 (for consumption in 1951) are indicated for edible molasses and sorgho sirup, but output of sugarcane sirup is down.

U. S. Department of Agriculture
Washington 25, D. C.

Penalty for private use to avoid
payment of postage \$300

OFFICIAL BUSINESS

BAE-DPS-2/51- 5500
Permit No. 1001

